

FISCAL NOTE
SB 531 - HB 1608

April 21, 2003

SUMMARY OF BILL: Requires counties to establish deferred compensation programs or plans for local government officials. Provides for county and municipal officials to retain insurance coverage after leaving office upon payment of all premium costs. Requires county legislative bodies and municipal governing bodies to establish cafeteria plans for their employees substantially similar to the plan available for state employees.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures* - Exceeds \$100,000

Estimate assumes:

- an increase in local government expenditures in localities not already offering deferred compensation programs and cafeteria plans for administrative costs associated with establishing and operating such programs. This increase is estimated to exceed \$100,000 statewide.
- a not significant increase in local government expenditures for the administrative costs associated with allowing former officials to maintain their insurance coverage, including billing expenses.
- allowing former officials to maintain insurance coverage may increase overall plan costs depending on the age and health of former officials thus resulting in increased premiums for all plan members and potentially an increase in employer contributions for active employees in the plan that would not have occurred in the absence of the bill.
- any increase in local government expenditures to provided matching funds for deferred compensation programs would be permissive.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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